C1750-1
12/21/88

The Fifth Estate

RADIO TELEVISION CABLE SATELLITE

Broadcasting Dec 19

58th Year 1988

Baseball

Geraldo Rivera

20814SRI AT850I ZWZ
SRI ACQ
COVGRESSNL INFO SRV **SAMPLE
4520 EAST-WEST HWY
BETHESDA MD 20814

Broadcasting Dec 19

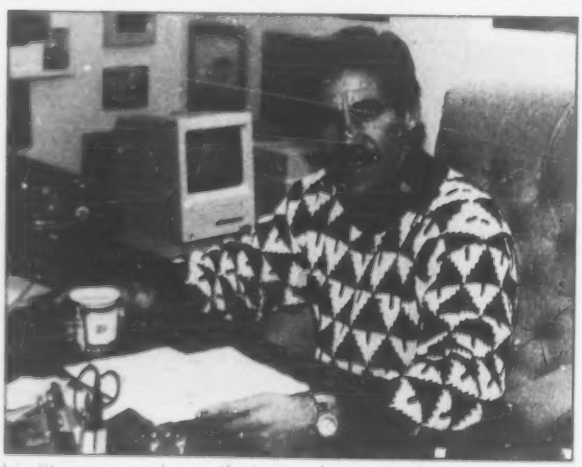
Vol. 115 No. 25

Billion-dollar pitch...

CBS CEO Laurence Tisch (l), shown with Baseball Commissioner Peter Ueberroth (r), says network's winning $1 billion baseball package bid makes economic sense because of "values" external to telecasts. **PAGE 35.**

Geraldo unrepentant...

Geraldo Rivera acknowledges marching to beat of different drum—one assailed by critics as "trash TV," and entertainment rather than journalism. Nonetheless, as he says in this interview with BROADCASTING editors,



his "trump card was that people wanted to watch me"—often in droves. **PAGE 43.**

36/**CBS PRIME TIME SHUFFLE**
CBS cancels two shows and puts three others on hiatus in reorganization of its prime time schedule.

37/**FOX'S THIRD NIGHT**
Fox Broadcasting Co. is expected to target Monday night in early to mid-June as premiere date for its long-expected third night of programing.

42/**NEW BEATS**
NBC News President Michael Gartner reassigns some executives and key reporters.

48/**NEW IN HOLLYWOOD**
Veteran TV producers form two new Hollywood production entities: one that will focus primarily on TV, and other focusing on film and theater, before expanding into television entertainment within six months.

50/**NPR ROADMAP**
Next month National Public Radio will invite outside help to propose strategic plan taking noncommercial radio network through 1990's.

51/**SHORT SPACING SHORT-SIGHTED?**
FCC votes 2-1 to give FM broadcasters greater flexibility in choosing antenna sites and plotting coverage by permitting "short spacing" of FM stations on limited scale. NAB calls action "beginning of the end" of FM broadcasting's "reputation for quality."

53/**COX ON CABLE**
PacTel Corp. President and CEO Lee Cox says that, at least for foreseeable future, all company wants is to acquire cable systems outside its service areas in partnership with cable operators.

56/**OFFSHORE REACH**
U.S. cable MSO's and telephone companies are expanding their reach and raising their investments in overseas cable TV systems.

59/**OUTLOOKS FOR '89**
Advertisers, broadcasters and cable operators offer predictions on how media and advertising will fare next year.

62/**FIBER SCREEN**
FiberView Corp. is developing prototype of low-cost flat panel video screen based on fiber optic technology, which it hopes will lead to resurgence of American manufacturing of TV sets.

64/**ATTC UPDATE**
Leaders of Advanced Television Test Center say that broadcasters will have money and time they need to test hardware for high definition TV transmission systems.

65/**CAMERAS IN COURT**
Televised live coverage of high-profile trial in New York City of Joel B. Steinberg places renewed emphasis on opening courtroom doors to Fifth Estate coverage.

87/**BACK IN THE GAME**
Daniel Enright of Barry & Enright Productions has come long way since his days as co-producer with Jack Barry of highly rated game shows, including *Twenty One*, which made him one of central characters in quiz show scandals of late 1950's.

DEPARTMENTS

Advertisers Index	86
Business	59
Cablecastings	58
Changing Hands	63
Closed Circuit	6
Datebook	24
Editorials	90
Fates & Fortunes	83
Fifth Estater	87
For the Record	68
In Brief	88
International	56
Journalism	65
Masthead	30
The Media	53
Monday Memo	34
On Radio	50
Open Mike	27
Programing	43
Stock Index	67
Technology	62
Where Things Stand	10

Broadcasting (ISSN 0007-2028) is published 52 Mondays a year by Broadcasting Publications Inc., 1705 DeSales Street, N.W., Washington, D.C. 20036. Second-class postage paid at Washington, D.C., and additional offices. Single issue $2 except special issues $3.50 (50th Anniversary issue $10). Subscriptions: U.S. and possessions: one year $70, two years $135, three years $190. Canadian and other international subscribers add $20 per year. U.S. and possessions $235 yearly for special delivery, $100 for first-class. Subscriber's occupation required. Annually: *Broadcasting* □ *Cablecasting Yearbook* $110. *Across the Dial* $6.95. Microfilm of *Broadcasting* is available from University Microfilms, 300 North Zeeb Road, Ann Arbor, Mich. 48106 (35mm, full year $55). Postmaster, please send address corrections to *Broadcasting*, 1705 DeSales St., N.W., Washington, D.C. 20036.

man Dennis DeConcini (D-Ariz.) offered similar measure in June.

Crossownership

Telco-cable—FCC has tentatively concluded it should recommend Congress lift crossownership ban on telephone companies providing cable television service in their service areas. Commission, which made proposal at July 20 meeting, will seek comments on subject, as well as on separate considerations to loosen its own regulatory restrictions on crossownership. FCC Commissioner Patricia Diaz Dennis dissented from action.

FCC move follows National Telecommunications and Information Administration report on cable television regulation recommending telephone companies be allowed to serve as transporters of others' programing, although not programers themselves, in telcos' own service areas (BROADCASTING, June 20).

At present, not only FCC regulations and 1984 Cable Act but also modified final judgment issued by U.S. Judge Harold Greene in his supervision of breakup of AT&T are seen as barriers to such crossownership by seven Bell operating companies. NTIA has petitioned FCC to preempt Greene's regulation of BOC's, arguing that Greene is hampering BOC entry into information services, including cable.

Resolution now pending in House calls on Congress to wrest jurisdiction from Greene and eliminate barriers. Measure has backing of House Energy and Commerce Committee Chairman John Dingell (D-Mich.) and, at last count, 112 co-sponsors.

Duopoly, one-to-a-market—FCC has voted to relax duopoly rules to allow closer spacing of commonly owned AM and FM stations, arguing that impact on diversity would be negligible and that it would allow some broadcasters to reap certain economies of scale.

Using same justification, FCC relaxed policy for waivers to one-to-a-market rules last week, saying it would look favorably on waiver requests involving top 25 markets with at least 30 broadcast "voices."

Broadcast-newspaper—Appropriations bill (H.R. 4782), which was signed into law, includes provision that prevents FCC from reexamining its broadcast-newspaper crossownership rules.

Rupert Murdoch won victory in U.S. Court of Appeals in Washington March 29 when court ruled that statute passed by Congress in session's final hours violated First and Fifth Amendments by prohibiting FCC from extending current waivers of rule banning newspaper-television station crossownership. Court did not rule on constitutionality of substance of provision that bars commission from repealing or modifying television-newspaper crossownership ban.

Direct broadcast satellites

Number of applications to operate high-power Ku-band direct-to-home television service satellites has now outstripped available orbital assignments in separate DBS orbital arc, says FCC, which could assign new round of positions early next year. Comments were due Dec. 12 on FCC proposal to assign pairs of DBS slots—one east, one west—to create most efficient use of spectrum. Multiple applicants have requested one of four eastern slots only (from which whole nation can be served), leaving four western slots (reaching only western half of nation) underused. Replies to those comments are due Dec. 30.

GE Americom-HBO goal of beginning medium-power direct-to-home TV service may have been derailed by Nov. 8 FCC decision to deny request to modify K-3 power from 45 to 60 watts. Power boost was considered necessary to reach mass-marketable three-foot receiving dishes. GE-HBO venture, Crimson Satellite Associates, still hopes to bring cable programers to Ku-band delivery via already built K-3, scheduled for launch in January, 1990.

"True" high-power Ku-band DBS delivery of TV programing directly to homes will become reality in U.S. in "1992 time frame," says Hughes Communications, whose plan to launch 200-watt DBS will go to parent, General Motors, for approval by end of year. Higher power—10 times higher than current fixed satellite service birds—says Hughes, will enable reception of video programing by affordable one-foot downlinks, thereby expanding current consumer home satellite market well beyond current two million.

Hughes says GE service would only be "interim" step toward its 200 watt service. Hughes and GE agree on need to bring together "business system," including programers and cable operators.

FCC extension granted last month gave Dominion Video Satellite and Hubbard Broadcasting's United States Satellite Broadcasting—among those granted permits with six-year expirations in December 1982—four more years—until Dec. 4, 1992.

High-Definition TV

Comments received on second FCC inquiry on advanced TV transmission praised commission for statement that terrestrial delivery of advanced TV is in public interest and for tentative decision that proposed transmission systems must be NTSC-compatible. Opinion was split on other issues, such as use of spectrum above 1 ghz for augmentation channels and development of open architecture and multiport consumer receivers.

Analysis subgroup of ATS committee's systems subcommittee has received submissions for 15 proposed HDTV or EDTV transmission systems. Thirteen of 15 systems were studied in-depth by analysis group during meeting held Nov. 14-18 in Washington. Report based on finding of week-long meeting

BY THE NUMBERS

Summary of broadcasting and cable

BROADCASTING

SERVICE	ON AIR	CP's	TOTAL*
Commercial AM	4,929	268	5,197
Commercial FM	4,141	639	4,780
Educational FM	1,369	260	1,629
Total Radio	10,439	1,167	11,606
FM translators	1,650	428	2,078
Commercial VHF TV	545	21	566
Commercial UHF TV	508	228	736
Educational VHF TV	119	7	126
Educational UHF TV	216	31	247
Total TV	1,388	287	1,675
VHF LPTV	126	163	289
UHF LPTV	329	1,196	1,525
Total LPTV	455	1,359	1,814
VHF translators	2,722	102	2,829
UHF translators	2,110	356	2,456

CABLE†

Total subscribers	48,637,000
Homes passed	73,900,000
Total systems	8,000
Household penetration†	53.8%
Pay cable penetration	32%

* Includes off-air licenses. † Penetration percentages are of TV household universe of 90.4 million. ‡ Construction permit.

First Hundred Days," sponsored by *Gannett Center for Media Studies*, featuring former Presidents Gerald Ford and Jimmy Carter. Columbia University, New York. Information: (212) 280-8392.

Jan. 20—*Utah Association of Broadcasters* annual meeting and sales seminar. Salt Lake City.

■ **Jan. 20**—Deadline for entries in All Media Vanguard Awards, sponsored by *Women in Communications*, for "positive portrayal of women." Information: (703) 528-4200.

■ **Jan. 20**—Deadline for entries in 11th annual BDA international design competition, sponsored by Broadcast Designers' Association. Information: (415) 543-3030.

Jan. 20-22—*Alabama Association of Broadcasters* annual winter meeting. Auburn, Ala.

Jan. 21—*Associated Press Television-Radio Association of California-Nevada* regional seminar. Long Beach Ramada Renaissance, Long Beach, Calif. Information: (213) 746-1200.

Jan. 23—Telecast of Television Academy Hall of Fame, sponsored by *Academy of Television Arts and Sciences*, honoring 1988 inductees Jack Benny, George Burns, Gracie Allen, Chet Huntley, David Brinkley, Red Skelton, David Susskind and David Wolper. Fox Broadcasting. Information: (818) 763-2975.

Jan. 23—"Syndication 101," *NATPE Educational Foundation* seminar. George Brown Convention Center, Houston. Information: (215) 664-4400.

Jan. 24-25—Seminar on signal leakage and cumulative leakage index compliance, sponsored by *National Cable Television Association*. Albuquerque Airport Hilton, Albuquerque, N.M. Information: (202) 775-3637.

Jan. 24-27—*NATPE International* 26th annual convention. Keynote address: Michael Eisner, chairman-CEO, The Disney Co. George Brown Convention Center, Houston.

■ **Jan. 25**—*Texas Cable TV Association* legislative meeting. First State Bank Tower, Austin, Tex. Information: (512) 474-2082.

Jan. 27-28—*North American National Broadcasters Association* annual meeting. Sheraton hotel, Mexico City. Information: (613) 738-6553.

Jan. 27-28—*Colorado Association of Broadcasters* winter meeting and awards banquet. Aurora, Colo.

■ **Jan. 27-28**—*Minnesota Association of Cable Television Administrators* sixth annual conference. Scanticon conference center and hotel, Plymouth, Minn.

Jan. 28-Feb. 1—*National Religious Broadcasters* 46th annual convention and exposition. Sheraton Washington and Omni Shoreham, Washington. Information: (201) 428-5400.

■ **Jan. 30-31**—*South Carolina Cable TV Association* winter meeting. Radisson Columbia hotel, Columbia, S.C. Information: (404) 252-2454.

Jan. 31—Deadline for entries in 14th annual Commendation Awards, sponsored by *American Women in Radio and Television*, recognizing "genuine and positive depictions of today's women in broadcast programing and advertising." Information: (202) 429-5102.

Jan. 31—Deadline for entries in *National Association of Broadcasters'* "Best of the Best" campaign, honoring radio promotions. Information: (202) 429-5420.

Jan. 31—Deadline for applications for *Harvard University's* Nieman Fellowships for Journalists. Information: Program officer, Nieman Foundation, Walter Lippman House, One Francis Ave., Cambridge, Mass., 02138.

Jan. 31—Deadline for entries in awards contest sponsored by *Investigative Reporters and Editors*. Information: (314) 882-2042.

Jan. 31-Feb. 2—*South Carolina Broadcasters Association* 41st annual winter convention. Columbia, S.C.

February 1989

Feb. 1—Deadline for entries in National Media Owl Awards, sponsored by *Retirement Research Foundation*, for "outstanding films, videotapes and television programs that address issues related to aging, capturing authentic images of older persons and illuminating the challenge and the promise of an aging society." Information: Joyce Bolinger, Center for New Television, Chicago 60605. (312) 427-5446.

Feb. 2-4—*Radio Advertising Bureau's* ninth annual Managing Sales Conference. Loews Anatole, Dallas. Information: (212) 254-4800.

Feb. 3-4—*Society of Motion Picture and Television Engineers* 23rd annual television conference. Guest speaker: Julius Barnathan, president, ABC Broadcast Operations and Engineering. St. Francis hotel, San Francisco.

Feb. 5-7—*Michigan Association of Broadcasters* midwinter conference and exhibits with engineering seminars. Lansing, Mich. Information: (517) 484-7444.

Feb. 6-7—*National Association of Broadcasters* managers roundtable, meeting "designed to give small and medium market general managers the chance to exchange ideas." Ramada Renaissance, Atlanta. Information: (202) 429-5420.

Feb. 7-8—*Arizona Cable Television Association* annual meeting. Sheraton Phoenix. Information: (602) 257-9338.

Feb. 8-9—*National Association of Broadcasters* managers roundtable, meeting "designed to give small and medium market general managers the chance to exchange ideas." Sheraton Plaza La Reina hotel, Los Angeles. Information: (202) 429-5420.

Feb. 10-12—*Oklahoma Association of Broadcasters* winter meeting. Tulsa Marriott hotel, Tulsa, Okla. Information: (405) 528-2475.

Feb. 11—Presentation of 21st annual Addy Awards, sponsored by *Advertising Club of Metropolitan Washington*. Sheraton Washington hotel, Washington. Information: (301) 656-2582.

Feb. 13—Deadline for entries in Livingston Awards for Young Journalists (34 years old and younger), sponsored by *Mollie Parnis Livingston Foundation of University of Michigan*. Information: (313) 764-2424.

Feb. 13-14—*Georgia Cable Television Association* annual convention. Omni International Atlanta. Information: (404) 252-4371.

Feb. 13-18—11th International Film, Television and Video Market. Loews hotel, Monte Carlo, Monaco. Information: (33) 93-30-8701.

Feb. 14-15—*Broadcast Credit Association* credit seminar. Orlando Airport Marriott, Orlando, Fla.

Feb. 14-15—Seminar on signal leakage and cumulative leakage index compliance, sponsored by *National Cable Television Association*. Atlanta Airport Hilton, Atlanta. Information: (202) 775-3637.

Feb. 16—*Federal Communications Bar Association* monthly luncheon. Speaker: Robert Allen, chairman, AT&T. Marriott hotel, Washington.

■ **Feb. 16-19**—*American Women in Radio and Television* national annual Commendation Awards judging. Embassy Suites hotel, Washington. Information: (202) 429-5102.

Feb. 22—*National Press Foundation* awards dinner, featuring presentation of Sol Taishoff Award for excellence in broadcast journalism, to Brian Lamb, chairman and chief executive officer, C-SPAN. Sheraton Washington hotel, Washington.

Feb. 22-24—Texas Cable Show, sponsored by *Texas Cable TV Association*. San Antonio, Tex. Information: (512) 474-2082.

Errata

Ratings numbers for November sweeps supplied by CBS inadvertently counted superstations' 3.3 rating as both separate category and in independent category. **Correct increase for independents should have been from 9.1 to 10.1,** not 13.4 as in chart in Dec. 5 story.

March 1989

March 1—Deadline for receipt of applications for Harvard Journalism Fellowship for Advanced Studies in Public Health. Information: Margaret Gerteis, deputy director, Center for Health Communication, Harvard School of Public Health, 677 Huntington Avenue, Boston 02115.

March 1-3—*West Virginia Broadcasters Association* annual "Call on Congress." Washington. Information: (304) 344-3798.

March 1-4—20th annual Country Radio Seminar, sponsored by *Country Radio Broadcasters*. Opryland hotel, Nashville. Information: (615) 327-4488.

March 7-10—*Audio Engineering Society* convention. Congress Centrum, Hamburg, West Germany. Information: (030) 831-28-10.

March 8-9—*Ohio Association of Broadcasters* congressional salute. Sheraton Grande, Washington.

March 12-14—*West Virginia Broadcasters Association* spring meeting. Ramada Inn, Beckley, W. Va. Information: (304) 344-3798.

March 12-16—Sixth world conference of broadcasting unions, organized and hosted by *North American National Broadcasters Association*. Willard hotel, Washington. Information: (613) 738-6553.

March 13-14—*National Association of Broadcasters* group head fly-in, "where heads of radio station groups will meet to discuss common issues and concerns of the broadcast industry." DFW Hyatt Regency hotel, Dallas. Information: (202) 429-5420.

March 22—Radio station acquisition seminar, sponsored by *National Association of Broadcasters*. New York Hilton and Towers at Rockefeller Center, New York. Information: (202) 429-5420.

March 22—*Broadcast Pioneers* Mike Award dinner. Plaza hotel, New York. Information: (212) 586-2000.

March 23—*National Association of Black Owned Broadcasters* fifth annual Communications Awards dinner. Sheraton Washington hotel, Washington. Information: Ava Sanders, (202) 463-8970.

March 24-25—11th annual Black College Radio convention, sponsored by *Collegiate Broadcasting Group*. Paschal's hotel, Atlanta. Information: (404) 523-6136.

March 30—*Federal Communications Bar Association* monthly luncheon, featuring international telecommunications panel, including Seth Blumenfeld, president, MCI International. Marriott, Washington.

April 1989

April 4—*Caucus for Producers, Writers and Directors* general membership meeting, featuring members of New York Business Roundtable. Los Angeles. Information: (213) 652-0222.

April 5-8—*Asian American Journalists Association* national convention. San Francisco. Information: (415) 346-2051.

April 6—53rd annual presentation of Ohio State Awards banquet/ceremony. National Press Club, Washington. Information: (614) 292-0185.

their power. I am in favor of this. I think Class A's should have a power increase if they meet the proposed mileage separation guidelines as outlined in the ABES and the NAB proposal. I really do feel for the plight of the short-spaced Class A operator but they knew the limitations when they purchased the facility.—*Robert F. Fuller, president, Fuller-Jeffrey Broadcasting Companies, Sacramento, Calif.*

Bright outlook

EDITOR: The article in the Nov. 28 issue of BROADCASTING, "Hard Times For Easy Listening," was a little misleading. It implied that the hard times were industry-wide. At KalaMusic, we feel this is not the case...that most of the hard times seem to be confined to our major competitor. At KalaMusic, times are good.

■ Over the past six months we have added nine new easy listening clients. Some have been takeovers from other syndicators, but several of them have been stations new to the format.

■ Our owned and operated stations in Kalamazoo, Mich., and Fort Wayne, Ind., are playing our easy listening format and are selling their time. In fact, according to Jim Duncan's "Study," our stations are selling time at a ratio of over 100% per rating point.

■ Our O&O's and our client stations are constantly finding new and innovative ways of selling advertising in this format. And part of the service that KalaMusic offers is to share these ideas with our other client stations.

■ Easy listening continues to be a very advantageous format for a profit-oriented operator because: 1) An easy listening station becomes a unique franchise in the market; 2) An easy listening station is able to attract revenue from several sources, including business to business advertisers, upscale retailers (furriers, jewelers, luxury automobile dealers, financial institutions) and businesses that concentrate on the 55-plus market (elder care facilities, certain insurance agencies, etc.) that in many markets no other radio station can even call on, and 3) The format is very economical to operate.

■ The research that is often quoted that indicates that listeners don't want to listen to instrumentals is really only half right. Our studies have shown...listeners don't want to hear lousy instrumentals. So we don't play those.

■ KalaMusic's programing is innovative, exciting and constantly evolving. It is not the same as it was five years ago, or even five months ago. But it keeps up with the needs of today's listeners. That's why our audience constantly skews younger and listens longer than the nationwide format average.

Yes, it's an old truism that the bad news gets more press coverage than the good news, but we know of more than 30 operators of successful easy listening radio stations. Indeed, I am convinced there are no bad formats, only bad radio stations—*Stephen C. Trivers, president, KalaMusic, Kalamazoo, Mich.*

Broadcasting
The News Magazine of the Fifth Estate
1705 DeSales St., N.W., Washington, D.C. 20036-4480

Please send ... (Check appropriate box)

☐ **Broadcasting ■ Magazine**
☐ **3 years $190** ☐ **2 years $135** ☐ **1 year $70** ☐ **6 mos. $35**
(International subscribers add $20 per year)

☐ **Broadcasting ■ Cablecasting Yearbook 1988**
The complete guide to radio, TV, cable and satellite facts and figures—$110 (if payment with order $95.) **Billable orders** must be accompanied by company purchase order. Off press March 1988. Please give street address for UPS delivery.
To order by MASTERCARD or VISA credit cards, phone toll free 1-800-638-SUBS

Name _____ ☐ Payment enclosed
Company _____ ☐ Bill me
Address _____ Home? Yes ☐ No ☐
City _____ State _____ Zip _____
Type of Business _____ Title/Position _____
Signature (required) _____ Are you in cable TV operations ☐ Yes ☐ No

For renewal or address change place most recent label here

The Fifth Estate
Broadcasting
incorporating
TELEVISION

Founder and Editor
Sol Taishoff *(1904-1982)*
1705 DeSales Street, N.W., Washington, D.C. 20036
Phone: 202-659-2340
Editorial department fax: 202-429-0651
Administrative department fax: 202-331-1732

Lawrence B. Taishoff, *publisher*

Editorial
Donald V. West, *managing editor*
Mark K. Miller, Harry Jessell, *assistant managing editors*
Leonard Zeidenberg, *chief correspondent*
Kira Greene, *senior news editor*
Matt Stump, Kim McAvoy, John S. Eggerton, *associate editors*
Susan Dillon, Adam Glenn *(international), assistant editors*
Randall M. Sukow *(technology),* **Peter D. Lambert, Lucia Cobo,** *staff writers*
Kristina I. Hoyt, *editorial assistant*
Anthony T. Sanders, *systems manager*
Todd F. Bowie, Ed Kaitz, *production*

Broadcasting ■ Cablecasting Yearbook
David Seyler, *manager*
Joseph A. Esser, *associate editor*
Deborah Segal, Tracy Turner, Paul Muller, Francesca Tedesco, *editorial assistants*

Book Division
David Dietz, *manager*

Advertising
Washington
Robert (Skip) Tash, *Southern sales manager*
Doris Kelly, *sales service manager*
Debra DeZarn, *classified advertising manager*
New York
David Berlyn, *senior sales manager*
Charles Mohr, Stacey Kibel, *sales managers*
Hollywood
Tim Thometz, *sales manager*
Schiff & Associates *(Western equipment and engineering) 213-393-9285*

Circulation
Kwentin K. Keenan, *circulation manager*
Patricia Waldron, *data entry manager*
Keith Brody, *subscription service manager*
Joseph Kolthoff, Vardell McPhatter

Production
Harry Stevens, *production manager*
Rick Higgs, *production assistant*

Administration
David N. Whitcombe, *vice president-operations*
Philippe E. Boucher, *controller*
Tracy Henry, *assistant controller*
Albert Anderson, *office manager*
Nancy Miller, *personnel administrator*
Shaun Gehan
Sheilene Scott, *receptionist*

Corporate Relations
Patricia A. Vance, *director*

Bureaus
New York: 630 Third Avenue, 10017
Phone: 212-599-2830
Fax: 212-599-2837
Geoff Foisie, *chief correspondent*
Rich Brown, George Mannes, *staff writers*
June Butler, *advertising assistant*
Cecelia Tyson
Hollywood: 1680 North Vine Street, 90028
Phone: 213-463-3148
Fax: 213-463-3159
Tim Thometz, *Western sales manager*
Sandra Klausner, *editorial-advertising assistant*
Stephen McClellan, *chief correspondent*
Steve Coe, *staff writer*

International Advertising Representatives
Europe and United Kingdom: Lucassen International, John J. Lucassen, Kamerlingh Onneslann 67, 1171 AC Badhoevedorp/Amsterdam, Netherlands. Phone: 31(2968)9 6226. Telefax: 31 (2968)9 3617. ■ *Japan: Masayuki Hanhara, Yukari Media Inc., 9-4-302, Miyakojima-kitadori 2 chome, Miyakojima, Osaka, 534 Japan. Phone: (06) 925-4452. Telex: 02423928.*

Broadcasting Publications Inc.
A Times Mirror Business Publication
Lawrence B. Taishoff, *president*
Donald V. West, *vice president*
David N. Whitcombe, *vice president*

Founded 1931. *Broadcasting-Telecasting*® introduced in 1946. *Television*® acquired in 1961. *Cablecasting*® introduced in 1972. ® Reg. U.S. Patent Office. © Copyright 1988 by Broadcasting Publications Inc.

Belding Communications, said he understood that the third night would launch the first Monday in June.

One possible Monday night schedule has already been mentioned, according to Martin Colby, chairman of the board of governors of the Fox Television Affiliates Association and vice president and general manager of XETV(TV) Tijuana, Mexico (San Diego): an hour-long action-adventure program at 8 p.m., followed by two half-hour sitcoms, possibly starting the first Monday after the May sweeps. Both Colby and Wendle said such a plan would be one choice among many. "We've been playing with the pieces on the programing schedule," Wendle said.

Wendle said Fox would also announce plans in January for a night of movie and mini-series programing, still under consideration. FBC, he said, is in discussions with Aaron Spelling Productions on the possible launch of the series *Angels '89*, via a two-hour movie.

The mood at FBC and among its affiliates is positive in the wake of the November numbers. *Married...With Children* scored a 10.5 rating and a 15 share on Nov. 27, the highest numbers ever for a Fox show, according to NTI peoplemeter data. Saturday night household ratings for the 8-10 p.m. schedule increased from an average 2.5 rating/6 share in May to a 3.3 rating/6 share in November, according to Fox. Sunday night figures for 7-10:30 p.m. went from a 4.7 rating/8 share in May to a 6.8 rating/10 share in November. "The bottom line is that as our ratings go up, so do our profits," Wendle said. As FBC revenues grow, so do compensation payments to affiliates, because they are calculated as a percentage of the network's gross billings.

Bill Viands, vice president and general manager of Fox station KDNL-TV St. Louis, said his station was showing vast improvement in Sunday night ratings in the 18-34 age group, part of the younger audience to whom Fox appeals most. "We're very pleased with the way Fox has performed on Sunday nights," he said.

But Fox's success with young audiences may be working against its Saturday night schedule. "I don't think they're ever going to do well on Saturday night," Cunningham said. "The kind of audience they appeal to just isn't around on Saturday night."

However, Wendle said, "we have no plans to change our Saturday or Sunday schedule in the foreseeable future." He added, "Every one of our programs has been increasing in the ratings, and until they flatten out or drop, there's no reason to replace them."

FBC, which had revenues of about $105 million-$110 million in fiscal 1988, is already ahead of last year's revenue figures. Upfront sales for FBC totaled about $130 million, Galletly said. The network's CPM increases ranged from 6% to 15%, according to BBDO.

Fox sold 80% of this season's advertising inventory in the upfront market, said Pat Mastandrea, FBC's senior vice president, sales. That figure included 85%-90% of availabilities in the fourth quarter of calendar year 1988, and 80% of the inventory in the first quarter of 1989, she said. Fourth quarter scatter market prices averaged a 25% increase over upfront prices, while first quarter scatter prices are averaging 45%-50% increases, she said. "We are way, way over where we thought we'd be," Mastandrea said. Calendar first quarter revenue for 1989 will be 30% higher than FBC projected last May, she said.

Demographic ratings

November 1988
Sunday, 7-9 p.m.

	Female 18-34	*Male 18-34*
FOX	**8.4**	**7.7**
NBC	**8.4**	**7.9**
CBS	**7.9**	**7.1**
ABC	**6.9**	**6.4**

Source: NTI overnights

The scatter market price is a result both of Fox's success and the demand for advertising time, Cunningham said. Many advertisers, he said, held back on media buys until a month ago, when they decided the outlook for the economy in 1989 looked strong. The rush to buy has resulted in a tight first quarter scatter market, he said, with second and third quarter markets looking tight, too. Cunningham said that since Fox did better than expected this fall, makegoods are not cutting into its inventory.

Regarding the costs of FBC's operations, Murdoch said in November that switching to the reality-based shows *The Reporters* and *Beyond Tomorrow* on Saturday night had cut programing costs by more than 50% for that evening.

Given FBC's current schedule, the cost of launching a third night of programing would hurt the company's financial performance, while advertising revenues for the third night might not be generated until fiscal 1989. Wendle discounted the possibility that development costs for Monday night programing would make a big negative impact on the network's finances. "We're doing so well on Sunday night that it has enabled us to cover a lot of our development costs," he said.

The programing process at FBC has become more fiscally conservative, Wendle said. "In the beginning, we made a lot of series commitments—which were very costly—and went rolling right into production on a dozen projects.... And when some of those projects failed early, we had to pull them off the air and write off millions of dollars." Because the network is no longer under that same pressure to come up with programing quickly, Wendle said, "we're moving ahead more financially conservatively.... We're looking at more pilots and scripts and limiting our exposure on program development."

Wendle also said that by collaborating more closely with affiliates on promotional spending, the network was not making the inefficient media buys it had made in the network's "chaotic" startup environment.

Summing up, Wendle said the three major reasons the company lost so much money last year were ratings below expectations, the cost of program abandonment and "all those other factors that are a part of launching a new company"—such as the overspending on media.

Galletly said that meeting Murdoch's target of losing no more than $20 million was "a very safe bet." He added, "It could do a lot better than that." □

There's a tomorrow for 'USA Today'

GTG Entertainment said last week it was firmly committed to producing *USA Today: The Television Show* for a second season (1989-90). And in January, the company will "re-launch" what GTG Marketing President Bob Jacobs described last week as a "new and improved version" of the program.

As a result, substantial changes will occur in the program, including an altered format that will reduce the number of anchors in the main studio set from four to two, a change critics of the show had called for early on. Jacobs reported the intent was to keep anchors Edie Magness and Bill McAtee in Arlington, Va., where the show is based, and move business anchor Ken Walker and "Life" anchor Robin Young to New York.

GTG has hired a new advertising agency to create new on-air and print promotions, and will almost double the promotion budget, adding another $5 million. In addition, the music and possibly the opening of the show will be changed. Jacobs even said consideration is being given to shortening the title of the show to just *USA Today*.

In a prepared statement on the renewal of the show for a second year, GTG Entertainment President Grant Tinker said: "All the arrows are pointing in the right direction. The show itself has hit its stride....The improvements in the show and the audience increase that accompanied those improvements make us more convinced than ever that [the program] is going to have a long and productive life."

GTG cited ratings gains of 22% for the show from October to November. But some rep sources remained skeptical, suggesting those gains were primarily the result of across-the-board increases in television viewing in November that benefited all shows. But Jacobs insisted last week that the ratings gains were real, citing an average 25% tune-out rate in October that was reduced to almost zero the following month. □

the last moment.] Where it was successfully preempted in Salt Lake City, the station reported 2,000 calls in protest. They said the highest previous number they had ever received was 200. That's the people talking. And I think the people on Madison Avenue are smart enough to believe that maybe they should give these programs another look.

As to the episode in which your nose was broken during an on-air brawl, Van Gordon Sauter, the former CBS News president who is now in syndication, seemed to suggest that it was your responsibility to contain what he described as the "malevolent" adversaries on the show. Had the set-up been different on the show, he suggested, had [black activist] Roy Innis and [white supremacist] been at opposite ends of the set and kept on their stools, the brawl might not have happened. And you wouldn't have broken your nose or received the avalanche of national publicity that you did.

I think that the one thing people miss in this whole thing is the fact that we have never had anything like this happen before. I've gotten in plenty of scrapes in the field. In the hundreds and hundreds of shows I've done in the studio, I've never had a situation where there was physical violence. I never anticipated that it would become a physical brawl. I believe that Metzger and his cronies in the studio audience had that as their game plan. I believe they came to the studio with a premeditated intent to use the first provocation to declare physical war. I think that that's what their goal was, and that's why it was impossible to anticipate.

So again the answer is TV has not gone too far?

The answer is no. Does it strike you as mere coincidence that the skinheads are getting all the attention now in the last two weeks? Does it strike you as just pure happenstance that the local news stations in New York, for example, are running five-part series on the skinheads?

Let me ask you to define three concepts: (1) responsible journalism; (2) irresponsible journalism, and (3) your own approach to television journalism.

I think that responsible journalism should not be confused with objectivity, because objectivity, in my opinion, is impossible. Objectivity is a phony journalism school word. Everybody, to greater or lesser degrees, on different stories, is subjectively involved. It is impossible for us to divorce ourselves from the stories. Some of us are more up front about it, others do a better job in covering it up, but everybody brings a subjective bundle of personal experiences to a story. Responsible journalism is fair reporting. Fairness is the real word. It doesn't even mean balance. Fairness is not balance either. Because what does balance mean? Equal time? Does that mean that you give the Nazis 30 minutes and you give the racial minorities 30 minutes? No, that's not balance. Fairness is to give a good honest reporting job, get the facts straight, and try your best not to muck it up with your own personal hang-ups or personal experiences. Irresponsible journalism is distorting the facts, not telling the whole story; it's getting the facts wrong. My style is responsible, it's passionate, it's involved. The bottom line on me when I'm out in the field doing a story is that I'll take the story as far as it goes.

Can journalism be to any degree exploitative and still be responsible?

Sure, sure. I mean what is exploitative? Does that mean you do a hot topic during ratings period? You can still do a hot topic during ratings period and be responsible.

Does the industry have a responsibility to impart what I'll call traditional journalism—useful information in context?

Yes.

Even if viewers would simply rather have the high impact stuff that Morton Downey Jr. delivers all the time and you do occasionally?

Downey is not a mass phenomenon. You have to recognize what Downey's rating is nationally. It's a specialty act. A 2.5 rating nationally is not a phenomenon. It's a phenomenon because he's big here in New York where the media are based. How big a phenomenon is he on the West Coast or in the middle of the country? Be aware of that. It's easy to write about him because he's so intentionally outrageous. But there is...it's different strokes for different folks. Different programs have different responsibilities. The evening news has the job of telling us about the events of the day. That's its mandate. A daytime talk show is not an evening news program. A daytime talk show exists in the milieu that until recently—with the exception of Phil Donahue—has been the exclusive province of soap operas and game shows. You have to judge us in the contexts in which we exist. A daytime show is a different animal than an evening news broadcast.

Do the specials, which have to be addressed separately from the

Week 12 posts 35.3 million households

NBC took week 12 (ended Dec. 11) with a 15.1 rating and a 24 share. ABC followed in second place with a 13.2/21, while CBS trailed with a 10.7/17. In the evening news race, CBS won the week with an 11.2/20, followed by ABC's 10.9/20 and NBC's 10.8/20.

A special broadcast of NBC's *Night Court*, nestled comfortably between *Cheers* and *L.A. Law* on Thursday night, earned a 23.9/39 to rank first for the week. NBC's usual front-runner, *The Cosby Show*, pulled in just behind with a 23.8/38, according to Nielsen.

While the Arbitron Ratings company doesn't have a national ratings service, per se, the company's 14 metered markets give one glimpse at how network programing fares around the country. For example, NBC's *Night Court* special ranked ninth in New York (with an Arbitron 20.4/31), fifth in L.A. (22.1/34) and third in Chicago (29.5/43). In Detroit, the program pulled in an Arbitron 31.4/48 and ranked first for the week. The cities where *Night Court* ranked lowest were Dallas and Houston, according to Arbitron.

Nielsen	□	Net	□	Show
1.	23.9/39	N		Night Court Special
2.	23.8/38	N		Cosby Show
3.	23.7/37	N		Cheers
4.	23.2/36	N		Different World
5.	22.2/39	N		Golden Girls
6.	22.0/33	A		Roseanne
7.	20.9/33	C		60 Minutes
8.	20.3/32	A		Who's the Boss?
9.	19.4/35	N		L.A. Law
10.	19.2/34	N		Empty Nest
11.	18.5/31	A		Monday Night Football
12.	18.0/29	A		Growing Pains
13.	17.9/27	A		Moonlighting
14.	17.5/28	A		Head of the Class
15.	17.5/32	N		Hunter
16.	17.2/26	N		NBC Monday Movie
17.	17.1/25	C		Rudolph-Reindeer
18.	17.1/27	N		NBC Sunday Movie
19.	16.8/25	N		In the Heat of the Night
20.	16.6/25	N		Matlock
21.	16.3/30	N		Amen
22.	16.2/24	N		Family Ties
23.	15.7/24	A		Wonder Years
24.	15.5/23	N		ALF
25.	15.4/24	A		ABC Sunday Movie
26.	15.4/28	N		227
27.	15.2/26	A		Full House
28.	15.2/25	C		Dallas
29.	14.7/25	A		thirtysomething
30.	14.5/22	C		Kate and Allie Special
31.	14.3/20	N		Hogan Family
32.	14.0/25	C		Knots Landing
33.	14.0/21	C		Murphy Brown Special
34.	13.7/24	A		Perfect Strangers
35.	13.7/21	N		Day by Day
36.	13.7/23	N		Midnight Caller
37.	13.6/20	C		Murphy Brown
38.	13.4/24	A		20/20
39.	13.0/20	A		Hooperman
40.	12.8/19	C		Designing Women
41.	12.7/19	A		Mission: Impossible
42.	12.7/22	C		Falcon Crest
43.	12.3/22	A		China Beach
44.	11.8/20	A		Mr. Belvedere
45.	11.8/18	N		Highway to Heaven
46.	11.7/18	A		MacGyver
47.	11.7/21	N		Miami Vice
48.	11.6/18	C		CBS Tuesday Movie
49.	11.6/20	C		Wiseguy
50.	11.4/19	A		Just the Ten of Us
51.	11.1/17	C		CBS Sunday Movie
52.	9.7/15	A		Dynasty
53.	9.6/15	N		Magical World of Disney
54.	9.5/15	A		Incredible Sunday
55.	9.1/16	C		Beauty and the Beast
56.	8.7/14	C		Almost Grown
57.	8.5/15	A		Battle of the Network Stars
58.	8.5/13	C		Paradise
59.	8.5/14	N		Sonny Spoon
60.	8.4/13	F		America's Most Wanted
61.	8.2/13	C		48 Hours
62.	8.2/12	F		Married...With Children
63.	8.1/14	N		Something Is Out There
64.	7.7/12	C		Equalizer
65.	7.5/13	N		Tattinger's
66.	7.0/11	A		Presidential Conf. Analysis
67.	6.8/12	A		Murphy's Law
68.	6.8/12	C		Simon and Simon
69.	6.8/11	F		21 Jump Street
70.	6.7/12	C		West 57th
71.	6.0/10	A		Knightwatch
72.	6.0/11	C		Dirty Dancing
73.	6.0/9	C		TV 101
74.	5.8/9	F		Rock-Roll Xmas Special
75.	5.5/10	C		Raising Miranda
76.	4.8/8	F		Duet
77.	4.7/8	C		Van Dyke Show
78.	4.4/7	C		Annie McGuire
79.	4.3/8	F		Reporters
80.	2.9/5	F		Beyond Tomorrow

© 1988 Nielsen Media Research, Arbitron

MSO's, telcos eyeing Europe, Asia

U.S. cable companies are turning their attention—and investment dollars—to systems overseas

U.S. cable companies, which first invested in overseas cable TV systems more than five years ago with less than spectacular results, are now going offshore again in a big way. While their numbers may be few, their apparent commitment is not, with hundreds of millions of dollars in investments planned.

But the rank of investors, among them cable operators United Cable, Jones Intercable and Comcast and regional telephone companies Pactel and USWest (see chart, below), face high risks and returns long in coming, with international cable still facing a broad range of unfriendly regulatory constrictions, competition from other new media, underdeveloped infrastructures and a lack of cable-unique programing, among other problems.

But priming investors' interest is the expanding television market abroad (where cable is said by many to be at the same stage it was in the U.S. a decade or two ago) with millions of viewers throughout Europe and along the Pacific Rim looking for and finding new programing choices through cable and satellite TV.

Although many of Europe's smaller nations are already densely wired, cable still reaches less than 15% of Europe's TV audiences, and larger nations such as Great Britain, France and West Germany are only beginning to be cabled. Other uncabled nations, such as Spain, also have cable and SMATV (satellite master antenna TV) potential, argue observers, including former FCC cable branch chief Steve Ross, now of the Washington law firm of Fletcher, Heald and Hildreth.

In Asia, as well, there are plans to double Japan's cable viewership from today's 5.3 million to 10 million by 1998, and Hong Kong is still deliberating over what is said will be the world's largest cable franchise, passing 750,000 homes.

Helping to push some U.S. cable operators into the world arena is the state of the domestic cable industry. According to Pat Lombardi, a member of the board of directors of Jones International and president of the company heading its international investments, Jones Capital Markets Inc., the U.S. cable industry is "maturing," with system prices reaching near record levels, while at the same time, U.S. multiple system operators see the opportunity to invest in developing businesses abroad using marketing and other skills honed in their domestic cable experience.

United Cable's Nimrod Kovacs, group head, United Global Programing, said his company began looking at new growth opportunities more than a year ago and also found prices for U.S. systems rising at such a clip that the company began to question whether further system purchases here would be the best way of reinvesting.

United Cable, subsequently merged with United Artists, has since developed the most extensive international cable system portfolio to date of any U.S. MSO, with franchises covering nearly a million homes in Great Britain, and other interests in Scandinavian cable. Kovacs said the company is seeking another million homes passed in the UK, is pursuing interests in Finland, Denmark, Ireland and the rest of the continent and has targeted one million subscribers internationally within five years.

Jones has also pursued its interest in the UK, where it has a stake in the East London franchise that encompasses the massive Dockland business-residential development project, and in France, where it has a share in the company running the Paris cable system. Among other MSO's with international cable interests, new or long-standing, are Comcast, Cox and ATC.

Interest in overseas cable is not limited to cable operators, however, points out Mark Sena of Communications Equity Associates, a Tampa, Fla.-based cable broker. For Sena, the biggest news lately has been the arrival of U.S. telcos like USWest, Pactel and others onto the international cable scene.

One reason telcos are so interested in international cable, said Sena, is that some nations, most notably Great Britain, foster interest in cable by allowing companies to provide telecommunications services as well.

But both United's Kovacs and others warn against viewing overseas cable as a quick and easy return on investment. Said Kovacs: "This is a very risky deal because there is absolutely no precedent and experience to date has been mixed at best."

Abe Patlove, vice president, planning and development, Comcast Cable, recalled that in 1983-84, the cable industry in the UK, for example, got off to a "false start" because participants saw a surface similarity to the U.S. cable industry and got caught by important differences in subscriber men-

Who owns what where

The chart below lists interests held by U.S. cable companies and regional telephone companies in non U.S. cable franchises or cable companies, with major partnership percentages listed where known. Total households in franchise are listed where systems are not yet built or information on homes passed was not available. Systems not yet built are indicated by an asterisk.

COMPANY	INTERNATIONAL CABLE INTERESTS	HOMES PASSED/ SUBSCRIBERS
ATC	Arberdeen, Scotland	NA/NA
COMCAST	Ealing, UK (20%)	15,000/3,000
	North West London, UK (franchise bid pending)	250,000 tot. hh/*
COX	Stofa AS (50%), Denmark	145,000/104,000
JONES INTERCABLE	East London, UK (89% interest with PacTel)	150,000 tot. hh/NA
	Redbridge, UK (89% interest with PacTel)	225,000 tot. hh/*
	Windsor Cable, UK (less than 5%)	NA/NA
	Greater East London, UK (franchise bid pending)	*
PACTEL	East London (89% interest with Jones)	150,000 tot. hh/NA
	Redbridge, UK (89% interest with Jones)	225,000 tot. hh/*
PRUDENTIAL BACHE	Westminster, UK (22.5%)	NA/NA
UNITED CABLE	Bristol, Thames Estuary North, Thames Estuary South, UK	700,000 tot. hh/*
	Croydon, UK	125,000/11,000
	Caswell, UK	125,000/*
	Norkable (30%), Norway	—/90,000
	Svenkakablevision (30%), Sweden	—/40,000
USWEST	Birmingham, UK (25%)	500,000/*
	Camden, UK	70,000 homes, 10,000 bus./NA
	Paris, France (10%)	NA/NA
VIACOM	Hong Kong (franchise bid pending)	*

tality and sales and billing techniques.

Although investors may be more aware of marketing pitfalls, other major impediments remain, especially to Americans, in regulatory constraints ranging from limits on foreign investment to complex local planning procedures.

In the UK, for instance, where the majority of foreign investments appear to reside, ownership rules prevent any non-European Community company from controlling a cable operator. Some new investors, such as United Cable and Jones in its East London partnership with Pactel, have developed innovative trust structures that abide by non-control laws, yet allow American cable companies to provide their expertise to system operators and so protect their investment.

Britain's cable regulation is also in a state of flux pending a wide-ranging government media revamping proposed last month (BROADCASTING, Nov. 14). Ironically, however, the possibility of change after 1991 under the new laws has speeded the British franchising process, so that franchises covering as much as 25%-30% of the UK may be granted under the current, more favorable setup, explained Jon Davey, director general, UK Cable Authority.

In other nations, such as France and West Germany, restrictions on outside investment and public control of most franchises combine with powerful authority exerted by state or local authorities to complicate the process for those seeking to invest in franchises.

Such restrictions have kept ATC, the U.S.'s second-largest MSO, from extending its limited international cable investment. According to a spokesman, the company dislikes investing in operations it cannot manage and is not particularly fond of the high level of government involvement found overseas.

Another formidable challenge to investors is posed by the new delivery technologies competing with cable, particularly the new generation of direct broadcast satellites, exemplified by the Luxembourg Astra satellite launched this month and the British Satellite Broadcasting venture to launch late next year.

In at least one country, France, cable has been partly held up not so much by a new satellite technology as by the young terrestrial pay TV service Canal Plus, whose success on the ground has neutralized one of cable's leading attractions, pay movie services.

American cable backers argue, however, that cable will do well in the competition with Europe's DBS. According to Comcast's Patlove, for instance, while both Astra and BSB will target the UK market with a combination of at least a dozen English-language pay and ad-supported channels, the two satellites use different transmission technologies, forcing consumers not only to buy two dishes or a motorized aerial to receive the signals, but more receiver electronics as well. In combination with satellite program fees, cable becomes a comparative "bargain," he said.

Cable may have little advantage over DBS in infrastructure, however, despite its longer presence in Europe and other regions. According to United's Kovacs, basic industry elements, such as data management, hardware and service industries, are "nonexistent" outside the U.S.

Programing is something cable had not been lacking until new DBS services threatened to shift the leading services toward direct-to-home delivery. A number of American programers have, in fact, offered Europe satellite channels, such as Viacom's MTV and Turner's CNN. It was cable's slow development in the region, however, that has now led a number of key satellite programers, like Rupert Murdoch's Sky Channel, to seek the alternative delivery form of DBS.

According to Kovacs, it is imperative for cable to retain competitive programing, and in conjunction with United's system investments, he said, the company will increase its stake in the international programing area. In a joint venture with U.S. cable documentary service The Discovery Channel, for instance, TDC will launch in Europe next spring as an ad-supported, six-hour-a-day service for cable (BROADCASTING, Oct. 17).

United also has interests in UK-based European cable services The Arts Channel and Bravo, and may look into developing a regional sports service, Kovacs said.

Viacom's MTV has also been an active overseas programer, with some six million cable subscribers in 11 countries of Europe, and, in Japan, an association with Tokyo Broadcasting System that brings about five hours of weekly programing to some 30 million homes, and plans for a 24-hour music service in conjunction with cable TV development there. □

Distant Signals

Amnesty International's Human Rights Now Tour, distributed by **Radio Vision International**, aired Dec. 10 (Human Rights Day) in at least 55 countries, including nations identified by AI as human rights violators. The three-hour rock concert film, including performances by Bruce Springsteen, Peter Gabriel and Sting, aired in the U.S. on Home Box Office.

□

Independent film sales to television internationally grew to $224 million for the year ending last June, according to a Peat Marwick survey conducted for the American Film Marketing Association. The previous high for any 12-month period, according to AFMA, was $107 million in 1986. Europe represented the largest market for independent sales to TV and cable, accounting for $143.3 million, with sales in France of $38.4 million; in Italy of $38.3 million; in the UK of $20 million; in Germany and Austria, $17.7 million; Scandinavia, $9 million, and Spain, $6.2 million. In other regions, Japan accounted for $23 million in sales and Australia and New Zealand for $23.8 million. The results, based on a survey with 38% response from 93 companies, included results from films during the period including "The Last Emperor," "Rambo III," "Dirty Dancing" and "Robocop."

Cable on the continent. Director of UK Cable Authority Jon Davey (second from left) warned the crowd attending a Western Cable show panel in Anaheim, Calif., Dec. 8, that while foreign cable investment opportunities may exist through European nations, there are "very great dangers in assuming that Europe is a single market. It's not a single market and I don't believe it ever will be." United Cable's Nimrod Kovacs (standing, right), panel moderator, also called international investments "a very high-risk business. The jury is still out on the degree of opportunity." But the potential for global networking remains very much on the mind of international programers such as MTV Networks, whose chief executive officer, Tom Freston (third from left), said his company is "very, very bullish" on international growth potential for services such as MTV, now available in Europe, Australia, Latin America and Japan. From Japan, Yashushige Nishimura (left), of Sumitomo's cable arm, described growth potential for what he described as that country's "underdeveloped" cable industry, and said next year's launch of a satellite available for program distributors may provide opportunities for American and Japanese co-ventures.

Industry buzzing over MSG-Yankee deal

Among questions are how MSG will pay for deal, fallout on MSG-Cablevision dispute and precedent for other sports rights

A number of key issues have been raised in the fallout over the deal by Madison Square Garden Network to televise games of the New York Yankees over the next 12 years (BROADCASTING, Dec. 12) as the basic cable service wrestled the rights away from SportsChannel New York. They concern the relationships between operators and programers, the escalating costs of sports rights and subscriber access to programing.

The deal itself, for 75 games in each of the next two years and the rights to 150 games in the 10 years thereafter, puts MSG on the map in a major way. It carries the NBA Knicks and NHL Rangers, two fall-winter teams, which left the service without a dominant summer anchor sport, since SportsChannel New York carried both the Yankees and Mets.

The price tag, reportedly between $485 million and $500 million, outdistances any previous local sports rights agreement. And unlike the Yankee-SportsChannel deal, it's believed there is no buyout clause afforded the Yankees in this contract.

Last week, MSG spokesmen were saying the network would pay for the package through its existing basic service cost structure and was not contemplating shifting the service to pay, even though the deal gives them that right. (It also gives them pay-per-view and home video rights.) MSG, a basic service, charges operators between 60 cents and 80 cents per subscriber per month. At 80 cents per month, MSG's 2.3 million subscribers would give it monthly revenue of $1.84 million. When MSG adds major events, the fee to operators increases by 6 cents per month, as would be the case with the Yankees. That would give MSG another $138,000 in revenue per month. WPIX(TV) New York, which will continue to carry 75 games over the air over the next two years, paid around $16 million for the Yankee rights this year (BROADCASTING, March 7), and has the right of first refusal if MSG chooses to sell some games to a broadcast outlet beginning in 1991. Ad revenue for the Yankees on cable is roughly $5 million per year. Those revenue sources, plus growth in cable penetration, MSG believes, will pay for the Yankee rights.

Shifting the service to pay is the key point of contention between Cablevision and MSG, since Cablevision dropped MSG from its systems in September. As the New York State Consumer Protection Board held hearings last week on the Cablevision-MSG dispute, Cablevision said in a statement that it was "hopeful that Gulf + Western will now be willing to grant Cablevision a contract for carriage of the MSG network and allow us to return Knicks, Rangers and Yankee programing to our subscribers." That the Knicks and Rangers are near the top of their respective divisions has only heightened the animosity among Cablevision subscribers, who have lost MSG.

But the high price of the contract, Cablevision said, backed up its assertion that "special interest programing should be offered to subscribers as an optional premium service, paid for by those who want it."

Richard Aurelio, president of BQ Cable, said MSG has not contacted him on any new rate structure. "We didn't ask everybody to make these kind of deals," said Aurelio, who believes it will be too hard to defray the cost otherwise. "It's hard for me to imagine how you can keep this on basic," he said, especially since having MSG on basic at the rates quoted was a stretch to begin with.

The industry, which de-tiered only several years ago, may be forced back into a two-tier situation, said Aurelio. Part of that pressure may come from regulators. Representative Charles Schumer (D-N.Y.), an aide said, plans to reintroduce a bill that would mandate that half of the Yankee games be carried over the air until 75% of the city is wired. Although Schumer is concerned about cable rates, the aide said access is the key. A spokesman in the New York cable office said penetration will stand at 46% at yearend, but the office expects it will reach 75% by the end of 1990. Ironically, a large portion of that will depend on how fast Cablevision builds its respective franchises in the Bronx and Brooklyn, two areas it has just begun to wire. MSG's exclusive rights to 150 games does not begin until the 1991 season.

Even at that, WPIX is hoping it will still be carrying Yankee games long into the future. Spokesman Marty Appel confirmed the station was the other bidder besides MSG and SportsChannel, and he indicated WPIX and the Yankees had a number of problems—advertising, legal, financial—that prevented a deal from taking place. Appel said WPIX went to MSG "with a substantial offer for the life of the contract" in the days leading up to the announcement, but MSG put those talks on hold for later. WPIX has the right of first refusal in the area to carry the Yankee games.

Last year, SportsChannel, WPIX and the Yankees were mired in a dispute at the beginning of the season over who would televise which games. Appel said the station's position is that it gets preference based on a 1986 contract, and he believed there would be no problem with MSG.

SportsChannel and the Yankees have battled in court over the number of games it and WPIX were entitled to, but it was unclear last week what part that played in Yankee owner George Steinbrenner's decision. One source pointed out that Steinbrenner believed the Yankees were sharing time and sometimes getting second billing behind the Mets on SportsChannel.

The MSG deal also has fallout for other regional sports networks, in addition to any spillover effect to other team-network contracts. In Florida, Cablevision's SportsChannel Florida had the rights to import Yankee games, of principal interest to former New Yorkers living there. The rival sports service owned by the state cable operators, Sunshine Network, is part of an ad hoc group of non-Cablevision-owned sports networks that share programing, a group that includes MSG. It will presumably have the rights to import Yankee games, giving it another jewel in its sports crown.

In addition to the regular season games, MSG will have rights to preseason games, pre- and post-game shows and a one-hour Yankees report. □

Differing outlooks for 1989

PaineWebber conference generates variety of predictions on how media and advertising will fare

Advertisers were pessimistic, broadcasters were guardedly optimistic and cable operators were bullish at the start of PaineWebber's 16th Annual Conference on the Outlook for the Media last week. One participant in last Monday's session forecast that advertising growth will lag behind the economy in the coming year, while several speakers alluded to the threat that local broadcasters face from growing local cable advertising.

For the first time since 1975, advertising growth in 1989 will fail to keep pace with the economy, said Robert J. Coen, senior vice president for McCann-Erickson. Growth in national advertising budgets will drop, as is the pattern in post-Olympic years, and continuing "turmoil" among local retailers will result in modest growth at that level. Advertising will grow 6.1% in 1989, to $125.6 billion, behind total GNP growth (real GNP growth plus inflation) of 6.8%.

National broadcast budgets in 1989 will

be 4.5% over 1988 figures, Coen said. Network advertising gains will shrink to "near zero," he said in his report, while the smaller cable and syndication advertising shares will grow in double digits.

While making his forecasts, Coen also included figures for 1988 advertising growth (see chart, below).He also pointed out that by the end of 1988, non-U.S. worldwide advertising, up 18% over 1987 to $121.4 billion, will overtake the U.S. advertising budget for the first time.

Hitting a note that later speakers would touch upon, Arnie Semsky, executive vice president of BBDO New York, said he expected large growth in local cable advertising in the 1990's. Contributing to that growth, he said, would be the assembly of regional cable networks and ZIP code targeting.

Semsky said that the strong $3.2 billion upfront network television market was due to a post-writers' strike hunger for guaranteed audiences, numerous new car introductions this season and advertisers' concern with placement in good program environments. In general, though, he said that 1989 would be a "tough year" for the media.

In his predictions for worldwide advertising spending for 1988, John Perriss, worldwide media director for Saatchi & Saatchi, said that 52% of world advertising spending would be outside of the United States, roughly the same figure as in Coen's advertising breakdown. Over the next few years, growth would be strongest in Europe, due mainly to "supply-side" forces: television deregulation and increases in satellite capacity and terrestrial stations. In 1988, European advertising expenditures will increase to $48 billion, a dollar increase of 12.6%, or 7.9% in real terms.

Predicting U.S. advertising growth in 1989, Perriss said that expenditures would grow 6.9%, or 1.8% in real terms.

"I believe that network revenues for 1989 will be 2% higher than for 1988," said David Poltrack, senior vice president, planning and research, CBS Marketing Division. "I recognize that, given the Olympics contribution to 1988 revenues, this represents a relatively bullish forecast," he said. Deducting the impact of Olympics advertising from 1988, Poltrack said his 1989 forecast represented a "healthy" 6.4% underlying growth, indicated by a strong upfront market, a strong first-quarter scatter market, and a stable 1989 economy. The daytime daypart was weak in the upfront market, he said, but looked as if it was improving in the scatter market, partially because of attractive CPM's at 47% the cost of prime time CPM's. Poltrack said also that the demand for 15-second commercials was running up against a "natural cap" on the number of such spots per commercial pod. Rather than have the number of 15-second spots increase significantly, he said, networks would put a premium price on the spots.

National and local spot advertising in 1989 will be up 3%-8% over 1988, said John McCrory, president of Times Mirror Broadcasting. The figure could even hit 10%, he said. The "underlying premise" of the market is still intact: local stations, especially affiliates, are the "broadest and deepest daily source of consumers for advertisers," according to McCrory. In 1989, the single biggest problem for stations will be the same as in 1988: "Getting enough money for our product—for our audience." Saying it was "almost impossible" to get higher CPM's or cost-per-points, McCrory said that the only way to increase revenues was to steal the audience away from the competition.

The radio advertising outlook for 1989 will be much better than he thought it would be earlier in the year, said Frank Osborn, president of Osborn Communications Corp. Taking the Radio Advertising Bureau's 1989 outlook as a point of departure, Osborn said he thought local advertising would do better than the RAB's growth predictions but national advertising would fare worse. Osborn said that cable was making inroads in radio advertising—not in listenership, but among salespeople, a "large number" of whom are moving into cable sales.

"I'm glad 1988 is over," said Robert Sutton, president of the Media General Broadcast Group. It was a "terrible" year, he said. Looking to 1989, Sutton said he thought the national spot market would be up 6%-8%, and local advertising would be up 9% or more. The future of local television from a revenue standpoint, Sutton said, is local advertising, which is being cut into by cable advertising. Growth rates for stations, Sutton said, while down from 14%-15% to 9%-10%, were still "not so bad."

The cable industry is "quietly bullish," said Tony Cox, chairman of Showtime Networks. Cox emphasized that general unhappiness with the industry was one reason for the industry's reserve. Cox said he expected major cable-bashing in Washington, which started in 1988, to continue, with complaints centering on monopoly power, unreasonable price increases and concentration of ownership. National cable penetration of 70% is achievable, he said, with improvements in customer service possibly generating a 5% increase, while elimination of cable theft could be worth 1% or 2%. Local advertising is a "major, major untapped revenue source"; another revenue source is pay-per-view. Because the economics of PPV are "extraordinary," Cox said, he expected the Super Bowl will "absolutely" be a pay-per-view event someday.

Jeffrey Reiss, chairman of Reiss Media Enterprises, said he expected the growth of impulse pay-per-view to outpace industry estimates for its growth. For example, predictions by Paul Kagan Associates that pay-per-view will make up 12% of cable television revenues in 1997 were conservative, he said.

People who have regulated and restrained cable rates in the past have ignored the fact that customers think cable is a "bargain," said Julian Brodsky, vice chairman and chief financial officer of Comcast Corp. With basic rates averaging $15 a month nationally, Brodsky said he expected the figure to rise to $20 per month, with no negative reaction to a rise of $1 per month each year. Brodsky said that he saw a trend toward re-tiering of properties, with broadcast channels alone eventually making up the basic tier.

Telephone companies are trying to spread the fiction that it is necessary for them to get into video distribution to subsidize a fiber optic network of voice and data, said Leonard Tow, president of Century Communications. Tow said that while telephone companies might expand into video delivery, cable systems with fiber optic networks stood to gain much more by, in turn, expanding into the much larger voice- and data-transmission market. □

National advertisers' 1988 budgets

	% chng. from 1987	($000,000)
Network TV	+10.5	$9,395
Cable TV	+20.0	910
Syndication TV	+20.0	915
Spot TV	+5.0	7,190
Network radio	+1.5	420
Spot radio	+7.0	1,425

Local advertisers' 1988 budgets

	% chng. from 1987	($000,000)
Local TV	+8.0	$7,380
Local radio	+8.0	5,900

Source: McCann-Erickson

Touchtone information. Associated Press Broadcast Services is now offering AP Audiotex, an information system that enables affiliates to offer its listeners access to updated news, sports, business, financial and weather information via touchtone telephone. Subscribers pay a weekly fee and delivery charges for the system. Hardware and software are not included. The service is available to both radio and television stations.

Large supply exerts slight effect on cable prices

Rise in interest rates seen as more crucial to prices

The abundance of large cable companies currently on the market, along with expected interest rate rises, will hold down cable prices in the near future, say cable observers. Offsetting those factors in the cable market, they say, are high demand and ready supply of investment money.

Interest rates may be as influential as supply, if not more so, in the coming year.